

Message Text

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60

ORIGIN ARA-20

INFO OCT-01 ISO-00 AID-20 L-03 PM-07 NSC-10 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15 PRS-01

EB-11 TRSE-00 IGA-02 SS-15 OMB-01 COME-00 /120 R

DRAFTED BY ARA/APU:TMTONKIN:SO

8/31/73 EXT 20815

APPROVED BY ARA:JBKUBISCH

LA/GC:IALEVY (DRAFT)

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ARA:HWSHLAUDEMAN

L/ARA:DAGANTZ (DRAFT)

DOD:HHALMOND (SUBS)

----- 003509

R 041947Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

C O N F I D E N T I A L STATE 175419

E.O. 11652: GDS

TAGS: ECON, ETRC, ESTC, AR, CU, US

SUBJECT: ARGENTINE TRADE WITH CUBA

REF: STATE 117307, BA 6402

1. TERMS OF ARGENTINE CREDIT TO CUBA REPORTED EMBTEL APPEAR NORMAL COMMERCIAL ONES, NOT CONCESSIONARY, SO THAT SECTION 620(A)(1) OF THE FOREIGN ASSISTANCE ACT MAY NOT APPLY. HOWEVER, SECTION 620(A)(3) OF THE FAA PROVIDES THAT NO ASSISTANCE UNDER THE FAA MAY BE GIVEN TO ANY COUNTRY WHICH DOES NOT PREVENT SHIPS OR AIRCRAFT UNDER ITS REGISTRY FROM CARRYING GOODS TO OR FROM CUBA. THE ARGENTINE-CUBAN AGREEMENT PROVIDES THAT SHIPS OF BOTH NATIONS WILL BE UTILIZED ON A 50-50 BASIS IF POSSIBLE BUT WITH THE VESSELS OF THE OTHER COUNTRY TO BE FAVORED IF ADEQUATE SHIPPING IS NOT AVAILABLE IN VESSELS UNDER THE FLAG OF EITHER COUNTRY. THUS IT IS QUITE LIKELY THAT ARGENTINE VESSELS WILL CARRY GOODS TO CUBA AND THAT ARGENTINA COULD THEN FALL UNDER THE

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SANCTIONS OF SECTION 620(A)(3). THESE WOULD ALMOST CER-

TAINLY AFFECT FUTURE MILITARY TRAINING NOW AVERAGING ABOUT \$500,000 PER YEAR, AND THE EXTENSION OF ADDITIONAL HOUSING GUARANTY LOANS.

2. WHILE THE EXACT REACTION OF THE GOA IS NOT PREDICTABLE, WE CAN EXPECT SEVERE REPERCUSSIONS, ESPECIALLY WERE THE PROVISIONS OF THE FAA TO BE ACCOMPANIED BY PUBLICITY. US ACTIONS COULD ALSO BE VIEWED IN ARGENTINA AS USG DISPLEASURE AT THE PROSPECT OF A VICTORY BY PERON OR IN

RETALIATION FOR THE CONTEMPLATED PASSAGE OF LEGISLATION ON FOREIGN INVESTMENT.

IN LIGHT OF THE FOREGOING, WE HAVE BEEN CONSIDERING THE WISDOM OF INSTRUCTING AMBASSADOR TO RAISE THE SUBJECT WITH THE FOREIGN MINISTER IN THE FRIENDLIEST OF TERMS SO THAT WE CAN ASSURE OURSELVES THAT THERE IS NO MISUNDERSTANDING ON THE PART OF THE GOA ABOUT OUR LAWS AND REGULATIONS. WE WOULD APPRECIATE HAVING YOUR VIEWS AS PROMPTLY AS POSSIBLE. WE ARE AWARE OF THE SENSITIVITY OF DOING THIS AND RECOGNIZE THAT CONVERSATIONS ON THIS SUBJECT HAVE ALREADY BEEN HELD. RUSH

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